



As of 12/31/11

|                            |              |
|----------------------------|--------------|
| NET ASSETS                 | \$84,821,118 |
| NAV                        | 18.46        |
| DISTRIBUTION YIELD         | 2.06%        |
| Income Dividends           | 2.06%        |
| Capital Gain Distributions | 0.00%        |
| SEC 30-DAY YIELD           | 2.11%        |

|                  |              |
|------------------|--------------|
| TICKER SYMBOL    | NCBIX        |
| LIPPER OBJECTIVE | Balanced     |
| CUSIP NUMBER     | 643642408    |
| INCEPTION DATE   | July 1, 1999 |

DISTRIBUTION YIELD indicates the amount of dividends that the Fund actually pays out.

SEC 30-DAY YIELD is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

## INVESTMENT OBJECTIVE

The Fund seeks to produce current income and long-term growth of capital. It also seeks to provide capital appreciation with less risk than would be present in a portfolio of only common stocks. This fund may be suitable for investors who:

- seek a balanced portfolio of stocks and bonds, with an emphasis on income
- can tolerate performance that will vary from year to year
- have a long-term investment horizon

## INVESTMENT STRATEGY

The Fund invests approximately 65% of its assets in shares of the Income Fund with the balance of its assets invested in shares of the Growth Fund. Investment decisions made by the Income Fund and the Growth Fund, in which the Balanced Income Fund invests, are consistent with the social-witness principles of the General Assembly of the Presbyterian Church (U.S.A.). The philosophy of socially-responsible investing integrates personal values and societal concerns with investment decisions. As a shareholder advocate, our goal is to affect positive change in the companies in which NCF invests by proxy voting and corporate resolutions.

## INVESTMENT PERFORMANCE (as of 12/31/11)

| AVERAGE ANNUAL TOTAL RETURNS | NCBIX | BLENDED INDEX <sup>1</sup> |
|------------------------------|-------|----------------------------|
| Latest Quarter <sup>2</sup>  | 4.37% | 4.72%                      |
| Year to Date <sup>2</sup>    | 2.04% | 4.88%                      |
| 1 Year                       | 2.04% | 4.88%                      |
| 5 Year                       | 1.08% | 4.25%                      |
| 10 Year                      | 3.25% | 4.84%                      |

Past performance does not guarantee future results. The performance data quoted represents past performance and current returns may be lower or higher. Total return figures include change in share price, reinvestment of dividends and capital gains. The investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. To obtain performance information current to the most recent month end, please visit [www.NewCovenantFunds.com](http://www.NewCovenantFunds.com) or call 877.835.4531.

## EXPENSE RATIO: 1.08%

The EXPENSE RATIO is based on the most recent prospectus. The ratio also includes those expenses incurred indirectly by the Fund as a result of the investments in the Growth Fund and the Income Fund. Effective January 1, 2011, the Balanced Income Fund eliminated the expense limitation agreement with the Adviser.

<sup>1</sup>35% S&P 500 Index/65% Barclays Capital Intermediate Aggregate Index

<sup>2</sup>Aggregate total return

The S&P 500 Index is an unmanaged index of 500 large U.S. companies. Barclay's Capital Intermediate Aggregate Index is an unmanaged index of fixed income securities. Unmanaged indices are not available for direct investment.

## INVESTMENT CONCERNS

**Equity securities (stocks) are more volatile and carry more risk than other forms of investments, including investments in high-grade fixed income securities. The net asset value per share of the Fund will fluctuate as the value of the securities in the portfolio changes. Common stocks, and funds investing in common stocks, generally provide greater return potential when compared with other types of investments. International investing involves increased risk and volatility. Bond funds will tend to experience smaller fluctuations in value than stock funds; therefore, fluctuations in price, especially for longer-term issues and in environments of rising interest rates, should be anticipated. Asset-backed and mortgage-backed securities are generally subject to higher prepayment risks than other types of debt securities, which can limit the potential for gain in a declining interest rate environment and increase the potential for loss in a rising interest rate environment. Mortgage-backed securities may also be structured so that they are particularly sensitive to interest rates. A high rate of defaults on the mortgages held by a mortgage pool may limit the pool's ability to make payments to the fund if the fund holds securities that are subordinate to other interest in the same mortgage pool; the risk of such defaults is generally higher in mortgage pools that include subprime mortgages. Other principal risks associated with securities in the Balanced Income Fund are the following: Interest Rate Risk, Call Risk, Credit Risk, Put and Call Option Risk, Foreign Securities Risk, Options and Futures Risk, Government Securities Risk and Rebalancing Risk. For a more complete description of these risks, please consult the Prospectus. Diversification does not assure a profit or protect against loss in a declining market.**

## INVESTMENT ADVISOR PROFILE

One Compass Advisors serves as investment advisor to the Funds. The Advisor's staff works with the investment advisor's committee to select the sub-advisors to recommend to the Funds and provide ongoing oversight of the activities and performance of the sub-advisors. The committee is comprised of volunteer Presbyterians who combine expertise in investment and marketing areas with faith-based values.

## INVESTMENT SUB-ADVISOR PROFILE

### NEW COVENANT GROWTH FUND

**Brockhouse & Cooper International, Inc.**, employs an optimized index strategy which seeks to closely track risk characteristics and performance of the Standard and Poor's 500 Index while also screening for stocks that meet New Covenant's criteria for socially responsible investment. The firm is a wholly owned subsidiary of Brockhouse & Cooper Inc., located in Montréal, Québec, Canada. Brockhouse & Cooper Inc. has provided comprehensive advisory services to pension plans, foundations and endowments, financial institutions, family offices and other institutional investors since 1995.

**Sustainable Growth Advisers, LP** has an investment approach based on first-hand proprietary research and analysis of the quality of each business, its financial strength and growth potential. They focus on high-quality, sustainable growth businesses that they feel offer predictable earnings growth and buy them when the price is reasonable.

**Sound Shore Management, Inc.** manages the value satellite portfolio. A value-oriented manager that looks for out-of-favor but financially sound companies, they buy stocks that sell at discounts to their historical prices and that, in their estimation, have sound catalysts with potential to lead to price increases.

**TimesSquare Capital Management** pursues a mid-cap growth mandate. The firm's investment discipline is focused on fundamental research which emphasizes management quality, demonstrated business franchises with sustainable competitive advantages, superior business models, and businesses with a history of strong, consistent growth.

**Baillie Gifford Overseas** advises the international equity allocation of the fund. The firm adheres to the belief that share prices follow company fundamentals and that growth outperforms over time. Baillie Gifford Overseas conducts extensive bottom-up research and works to add value by managing a relatively concentrated portfolio of well-managed, quality businesses that enjoy sustainable competitive advantages in their marketplaces.

### NEW COVENANT INCOME FUND

**Robert W. Baird & Co.** pursues a core, duration-neutral strategy, which will attempt to mitigate risk associated with changes in interest rates relative to the benchmark, while pursuing credit and sector opportunities.

**Earnest Partners, LLC** provides a core bond management mandate, which emphasizes securities that are backed by the full faith and credit of the U.S. Treasury, or are issued by US Government sponsored agencies, but are not Treasury securities.

## TOP FIVE HOLDINGS (as of 12/31/11)

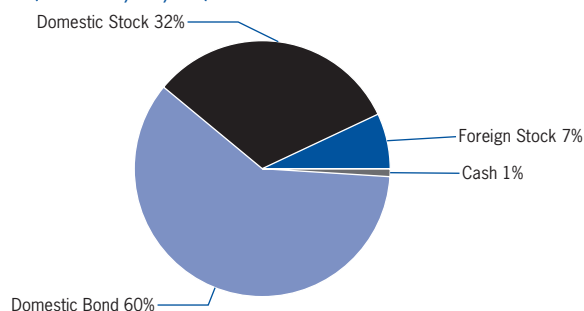
| NEW COVENANT INCOME FUND            |      |
|-------------------------------------|------|
| US Treasury Notes 2.375%, 7/31/2017 | 6.9% |
| US Treasury Bond 6.250%, 8/15/2023  | 2.9% |
| FHLMC, 4.500%, 08/01/2040           | 1.8% |
| FHLMC, 4.500%, 08/01/2040           | 1.5% |
| Banc of America, 5.675%, 07/10/2046 | 1.2% |

## TOP FIVE HOLDINGS (as of 12/31/11)

| NEW COVENANT GROWTH FUND |      |
|--------------------------|------|
| Apple Inc.               | 2.0% |
| Exxon Mobil Corp.        | 1.5% |
| Microsoft Corp.          | 1.5% |
| Pfizer Inc.              | 1.3% |
| Coca Cola Co.            | 1.3% |

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

## STYLE BREAKDOWN (as of 12/31/11)



★ Portfolio composition is subject to change.

## FUND NEWS

During the fourth quarter of 2011, capital markets continued the volatile swings that became characteristic of the year. The S&P 500 Index started the quarter by marking a new low for 2011 in early October—but then rallied to end the year almost exactly where it began 2011. All told, we believe a “flat” 2011 for U.S. stocks demonstrates remarkable resilience by investors, just as record-high U.S. corporate profit margins demonstrate remarkable resilience at the corporate level. The bond market, as measured by the Barclay's Capital Intermediate Aggregate Bond Index, was much less volatile rising just under 1% in 2011.

Equity investors are faced with a slow growth environment in the U.S. and developed Europe. In general, and especially in this environment, we believe that a portfolio of companies that have powerful competitive positions in their industries, when purchased at reasonable prices, can provide shareholders with attractive investment results over time. Within the bond portion of the Fund, the two sub-advisors continue their focus on high credit quality securities. At quarter-end, the target allocation of the Fund was 37.5% New Covenant Growth Fund and cumulatively 62.5% New Covenant Income Fund and a cash sweep vehicle. The Fund's equity allocation was comprised of an optimized index core mandate, domestic equity satellite portfolios, and an international equity satellite portfolio.

The New Covenant Balanced Income Fund returned 4.37% during the fourth quarter ending December 31, 2011. For this Fund, the benchmark is a blend of 35% for the S&P 500 and 65% for the Barclay's Capital Intermediate Aggregate Bond Index, which returned 4.72% for the same period.

*Please note that indices are unmanaged and an investment cannot be made directly in an index. Index results are not adjusted for fees or socially responsible investment (SRI) restrictions.*

Visit [www.NewCovenantFunds.com](http://www.NewCovenantFunds.com) for monthly performance information. Simply click on the “Performance” tab of the fund you are interested in viewing.

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